



Total Health Care Expenditure Growth in Context

Executive Summary

In 2013, the Massachusetts health care system performed favorably on a number of indicators. Notably, the overall per capita growth in Total Health Care Expenditures (THCE) was below the Commonwealth's 2013 health care cost growth benchmark established in Chapter 224 of the Acts of 2012, and commercial premium levels and member cost-sharing did not increase from 2012, while benefit levels remained steady. Recent statewide reforms may have influenced these positive results; however, slower spending growth in the Commonwealth was consistent with spending growth rates nationwide.

These health system performance trends are better than in recent years, but several areas of concern remain. Although per capita growth in THCE was lower than the benchmark, it rose faster than inflation, and Massachusetts health care costs are still among the

country's highest. Furthermore, the generally favorable overall trends obscure significant variation in individual experience; for example, premiums and member cost-sharing vary substantially between different groups. Finally, the adoption of alternative payment methods, which has been promoted as an important strategy to reduce health care costs, stalled in 2013 among payers and providers.

This report considers performance in the first full year following the enactment of the 2012 cost containment law. CHIA will continue to monitor and report on health care system performance indicators in order to evaluate whether or not the Commonwealth's favorable performance in 2013 reflects a new trend of long-term, sustainable cost containment.

Key Findings from this Annual Report:

- From 2012 to 2013 THCE grew by +2.3%, below the +3.6% health care cost growth benchmark.
- THCE totaled \$50.5 billion in 2013, \$7,550 per resident.
- Public spending comprised 60% of THCE.
- Both the biggest insurer, Blue Cross Blue Shield of MA, and the biggest physician group, Partners Community HealthCare Inc. (PCHI), reported spending increases that were among the largest.
- In contrast to the previous trend of premium increases paired with declining benefit value, premiums and benefit levels remained virtually unchanged, and member cost-sharing did not increase from 2012 to 2013.
- Commercial member enrollment with primary care providers paid under alternative payment methodologies decreased slightly to 34.3% in 2013.
- There was slow but steady growth in enrollment in self-insured plans from 2012 to 2013, contributing to a decrease in HMO enrollment.